JACK OF ALL TRADES

MASTER OF STRUCTURED PRODUCTS

STRUCTURED PRODUCTS are difficult to define because they include a broad array of products, many of which blur the lines between debt and equity securities. Many also blur the lines between traditional retail and institutional products; between securities and commodities; between mutual fund or managed products and fixed income securities…. Attempts at a standardized definition of a "structured product" usually fail—either by being so generic that the definition does not provide any meaningful identifying characteristics or being so narrowly drawn that it omits parts of this expanding asset class.

Structured products may be thought of as an asset class comprised of securities the cash flow characteristics of which depend upon one or more reference assets or securities where an investor's return and the issuer's payment obligations are contingent upon one or more reference assets. Structured products include equity-linked, index-linked, commodity-linked, credit-linked, risk or insurance-linked, hedge fund or fund-of-funds-linked and currency-linked products. Although, from a cash flow perspective, a structured product may appear to be a combination of a traditional debt security and a derivatives contract, structured products are not derivatives contracts. Structured products do involve trading away a portion of the full potential upside associated with a direct investment in a reference asset in return for some principal protection, or in exchange for assuming some lesser risk resulting from direct ownership of the reference asset. All of these securities may be offered pursuant to a registration statement, or pursuant to a private placement or other exemption or exclusion from registration. A structured product may be "packaged" in a certificate of deposit, a bank note, commercial paper, interests in a trust or a corporate note. Given that structured products take many forms, there is no single regulator that monitors, nor single body of regulation applicable to, the issuance, sale and marketing of structured products.

Working with our clients on new structured products requires creativity. A structured product may be a highly customized instrument intended to achieve a buyer's particular goals, or a product for broad retail distribution. In either case, we apply ourselves to enhancing the economics of the proposed product. Boundless imagination is not enough. Structured products work also requires expertise in an array of areas, including tax, investment management, ERISA, financial services and bank regulation, broker-dealer regulation, secured lending, securities laws, derivatives, commodities, risk transfer and insurance and securitization. It's true that our team is comprised of jacks of all trades. At the risk of seeming immodest, we would observe that our structured products team also is comprised of masters of their trades. That's exactly what is required for a team to master structured products.